"We must systematically 'de-Marcosify' Philippine society":

On the embedded precursors and unintended consequences of Edsa Republic privatizations

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This article revisits the privatizations carried out after the Edsa Revolution, emphasizing historical context, the agency of Filipinos working within technocratic and bureaucratic spaces, and institutional path-dependence. It shows how a moralized understanding of the state's role in the economy was rehearsed and developed by the revolutionary Aquino government (1986–7) through the reorganization of the Government-Owned or Controlled Corporation (GOCC) portfolio. Focusing on the Presidential Commission on Government Reorganization (PCGR), it traces how the design and objectives of privatization reflected both "people-powered" ambitions, as well as a distinct, historically-embedded ambivalence toward public enterprise. In turn, these departures from mainline neoliberalism shaped a key feature of the Edsa Republic: the continuity of rentierism as the dominant mode of accumulation, despite the apparent rupture of revolution.

Keywords: Edsa Republic, Embeddedness, Government-owned or controlled corporations, Presidential Commission on Government Reorganization, Privatization

The case for re-examining privatization

> The Philippine Government is committed to a free market economy. There is, however, significant direct government involvement in the country's economic activity through both economic planning and the state-ownership of numerous corporations involved in certain strategic sectors, such as banking, power-generation, oil production and transportation (Privatization and Management Office, n.d.).

Is the Philippines neoliberal? Such professions of faith make it easy to say so. But they also pose a paradox: that neoliberalism, far from liberating the market from the heavy hand of the state, can only proceed through the power of the state (Harvey, 2005).

If neoliberalism needed the Philippine state: what would a neoliberal project look like in its hands? Whose interests would the resultant markets serve? Elsewhere, neoliberalism meant to undo state-brokered class compromises of the 20th century. But did the Philippines enact one in the first place? By most accounts, its state had always been weak, and/or an instrument of class power: monetary policy, public investment, and patronage appointments were prizes in intra-elite competition (Hutchcroft 1998; Caoili 1987; Anderson 1988; Corpuz 1997). The height of state power saw not a class compromise, but "crony capitalism:" the concentration of economic power, from ownership and control of state enterprises, to allocation of foreign credit, and monopolization of the country's main exports in a strongman and his cronies (Aquino 1999; Parreño 2003; Ramos 2018). If neoliberalism is a political project to restore class power, what would it look like if class power had never been compromised in the first place?

The question could be restated from the present: What does class power in the Philippines look like today? After structural adjustment, its growth engines are now domestic markets in real estate, infrastructure, and consumption. In turn, much of these activities had been captured by diversified Philippine-nationality conglomerates, mainly family-owned and controlled, with minimal levels of foreign or financialized ownership (Bello et al. 2014; Raquiza 2014; Cardenas 2014; 2020). Unlike the East Asian miracles it tried to emulate, the Philippines has weak records of inward foreign investment and export-oriented industrialization (Bello et al. 2004; Balaoing-Pelkmans and de Dios 2018). Neoliberal reform should have rendered big Philippine businesses

untenable: they should have either succumbed to more 'competitive' foreign counterparts, or adapted to become globally-competitive firms themselves. Instead, domestic capital had survived and prospered not by becoming value-adding exporters, but by turning inwards, and by returning to rents accrued from protected, oligopolistic sectors, acquired not through behest loans and sequestrations, but from privatizations. How did this happen?

I attempt to address these questions by shifting the frame of analysis away from neoliberalism as a total and coherent ideological project, and onto its components as socially-embedded processes (Polanyi 1944, 44–9; Block, 2001; Peck 2013). I propose seeing neoliberalism as neither a total hegemonic project, implemented from above and outside, nor on its own stated aims of efficiency, competitiveness, and growth—but as a bundle of practices, each enabled and constrained by history and institutions, reflecting the complexities and contradictions of a place.

I focus on retelling one aspect of neoliberalism in the Philippines: the dismantling of the Government-Owned or -Controlled Corporation (GOCC) portfolio at the heart of the Marcos regime's infrastructure and patronage programs; how this effort was shaped not just by the prevailing neoliberalism of the early 1980s and the rupture of a revolution, but also by a distinctly moralized attitude to the state's role in economic life; and how it led to practices that saw wealth and market power shift to the largest Philippine-nationality conglomerates—in ways unaccounted for by neoliberalism as either blueprint or explanation.

I begin by situating the privatizations began in 1986–7 within the history of public enterprise in the Philippines' 20th century, and how it shaped the range of political possibility by the 1980s. Through interviews with personnel involved in the reform effort, and by following paper trailheads from their archives, I then consider their agency, their cultural and political capital, and the lineages of the policies they implemented. Finally, I trace practices that were first codified immediately after the 1986 Edsa Revolution into the early 21st century, and how these became preferred instruments of public finance and policy: practices inconsistent with neoliberal ideology, yet were crucial to the resurgence of rentier capitalism in the Philippines.

Public enterprise in the Philippines, 1919–1971

Privatization is particularly instructive: throughout the 20th century, the Philippines' public enterprises closely followed the configuration of interests and institutions that dominated state-enabled wealth. They consistently mirrored the commodities upon which the key surpluses were built, the groups that owned and

controlled these surpluses, and the way these were used and distributed. With respect to the economic role of public enterprise, what was the range of possibility afforded and delimited by this history? What discourses and forms of expertise were available to the Marcos regime in 1972 when it embarked on an expansion of public investment, and to the revolutionary Aquino government (1986–7) when it reorganized this portfolio?

Since the late 18th century, Spanish and American colonial governments had tried to promote investment in the distant colony (Cheong 1971 146–8; Corpuz 1997, 88–101; Abinales and Amoroso 2005, 76). The oldest extant GOCC, the National Development Company (NDC), traces to these efforts. Founded in 1919 under American rule as Compañía de Fomento Nacional, CFN's original mandate—*fomento*—was industrial promotion, not modernization. It was set up as a bank, partially capitalized by the colonial government, for pioneering new industries where private capital was unwilling to invest, and then selling these off once their viability had been proven (Corpuz 1997, 246; Cororaton, 2022).

CFN may have been among the first of its kind worldwide. Bodies with similar names and mandates only began to appear in Latin America in the 1940s (Nyhart 1968, 7–9). It also predated the New Deal by more than a decade. Along with the Philippine National Bank, coal and cement companies, and a railroad acquired from an English concern, CFN also meant to 'Filipinize' the colony: the cultivation of new bases of wealth and employment, and of domestic administrative capacity, ahead of independence. But these enterprises were bankrolled by demand for rope and coconut oil exports during the First World War, and became unviable once demand dissipated (Ybiernas 2007). PNB, set up by the American colonial government to extend capital to agricultural development, had been bankrupted by a rescue of politically-favored sugar barons (Nagano 1993). CFN was loss-making almost from its establishment, and beset with mismanagement by the Filipino elites who ran it (Nakano 1997). Commonwealth public enterprises also became nodes for patronage systems: the Manila Railroad Company for Manuel L. Quezon, and PNB for Sergio Osmeña (Abinales and Amoroso 2005, 141–2).

Meanwhile, laissez-faire thought had become fashionable in America, personified in the Philippines by the appointment of Governor-General Leonard Wood in 1921. Wood, on the state's economic role: "The government should, as soon as possible and as far as possible, get out of business and keep out" (Nagano 2015, 181). Wood initiated an aggressive liquidation that ran afoul of Quezon and Osmeña, which soon became the focus for wider

issues of constitutionality and sovereignty (Castañeda Anastacio 2016, 196–240). Under this political climate, CFN was liquidated in 1927 (Porter 1938).

In 1934, CFN was revived as NDC, a fully state-owned enterprise operating with an expanded mandate. To prepare the colony for the loss of preferential access to the US market, the US Congress and the Commonwealth government agreed to allocate short-term "windfall" budgetary transfers from the US to the Philippines. Among the intended uses of these transfers was an "Economic Adjustment Program" reorienting cash-crop agriculture toward domestic food production (Nakano 1997, 11–16). NDC was a vehicle for this program, though its investments revealed very different ambitions. Its flagships were new industries like textile milling and Portland cement. It also set up a subsidiary tasked with crop price stabilization (ibid; Porter 1938, 74–75). Within two years, it was recapitalized, its mandate expanded to the development of natural resources, and its corporate life extended (NDC n.d.). This period also saw NDC facilitate plantations in the "frontier" of Mindanao, by granting leases to Dole Pineapple and American Fruit, enabling these companies to skirt restrictions on both foreign ownership of land, and on acreage limits under single ownership, after independence (Cortes 1965; Edgerton 1983; Hawes 1984; Acosta 2020). Meanwhile, another government corporation, the National Land Settlement Administration, oversaw the colonization of Mindanao by settler-farmers from Luzon and Visayas (Cororaton 2022).

NDC's new name and the language in its new charter presaged a wider conceptual shift from development as industrial promotion to development as modernization: the transformation of 'backwards' societies beginning with their economies, underpinned by massive capital investment and technology, and with US involvement in newly-independent former colonies (Esteva 1992). NDC was perhaps the first practical attempt to export the New Deal, and an underappreciated antecedent of the postwar modernization project (Doronila 1992, 32–5; Castañeda Anastacio 2016, 130). Indeed, the New Deal figured prominently in Filipino economic planners' thinking from 1933 into the height of import-substitution industrialization in the 1950s (Doronila 1992, 34–5; Takagi 2016, 58, 101, 111).

The end of the Second World War and independence saw NDC in an economic planning role. It commissioned H.E. Beyster Corporation, a small Detroit engineering firm, to produce a reconstruction plan for the country. This plan envisioned the rapid industrialization of the country through the protection of domestic

industries, and the enticement of American investment in capital-intensive activities like mining and rubber (Jenkins 1948; Wickizer 1949; Golay 1968, 346–7). NDC was also responsible for operating or leasing out Japanese war reparations in the form of turnkey capital goods: textile mills, a ramie plant, and oceangoing vessels (Halsema 1949; Milne 1961; Ofreneo 2009; Rivera 1994, 55–6).

By the 1950s, the Philippine state was running enterprises in coal, cement, fertilizer, and gas and water utilities. It continued the colonization of Mindanao, and sought to manage agrarian unrest, through a succession of corporations (Abinales and Amoroso 2005, 176; Latiph et al. 2020, 17). Through NDC, it established or expanded strategic industries, such as interisland shipping, aviation, steel, and textiles (Doronila 1992, 34; Golay 1960). Some NDC investments sought to reposition the Philippines from a raw material exporter to an industrial producer: copper smelters, phosphate fertilizer and cement plants, ceramic sanitary wares factories, and paper mills. Others supported agriculture and allied industries: a national tractor pool, warehousing, and food processing. NDC had some success in pioneering, and then selling off, a urea fertilizer plant, the country's first sugar refinery, as well as cement and nail plants (Milne 1961; Samonte 1967). But this official commitment to nurturing new industries was coupled with an expansion of opportunities for "corruption, nepotism, and mismanagement," and a padrino system of staffing prevailed over their payrolls (Golay 1960; Caoili 1987). Alongside currency decontrol, the Macapagal government's 1961 economic program thus sought to abolish government corporations (Milne 1962).

Public enterprise as pioneer, public enterprise as prize

It is from this oft-obscured history that both the Bagong Lipunan regime in 1972, and the revolutionary Aquino government in 1986, proceeded. All administrations from Quezon to Marcos genuflected to private enterprise. Yet they all oversaw expansions of government corporations (Briones 1985, 2; WB 1988a, 8). Seen in historical context, the massive expansion of government corporations under Marcos was not simply a matter of the cheap credit available at the time, ambition, or cronyism; it also built on a pre-existing, and arguably proven, sensibility regarding the state's economic role as a pioneer investor (see PD 668). In turn, this sensibility developed as a recurring response to the exigencies of making capitalism in a place where financial markets and property rights were undeveloped (Golay 1968, 5; Doronila 1992, 34; Castañeda Anastacio 2016, 133, 182). Establishing a government corporation creates a legal person that can be capitalized, take on loans, enter contracts, and own property—especially property newly-created through fiat, like newly-dispossessed land in Mindanao, or in-kind

war reparations that needed a titular owner. A speech by Filemon Rodriguez (1954), then chairman of the National Economic Council and general manager of National Power Corporation, captures this attitude during the height of import-substitution industrialization:

> Naturally everybody is very emphatic that we want to promote here in the Philippines, to the fullest measure, private enterprise. We want to give private enterprise full encouragement. But there are certain activities that are not suitable to operation and exploitation by private enterprise. There are activities in which for the present at least private enterprise is not prepared to embark and yet are essential for the proper development of the national economy. It is recognized that for some time yet to come, as has been experienced in other progressive countries, we will make use of the corporate organization, owned and controlled by the Government, as an instrument for the development of the national economy.
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> […] The corporation is a device by which the government can organize an autonomous body that will have the elasticity and flexibility of private enterprise. In other words, it is a form of organization that the government uses in order that it can have the flexibility of private enterprises in the conduct of the business for which the corporation is organized. Its essential importance is that it is flexible; that it can act.

Similarly, by 1986, casting the Philippine state as corrupt, inefficient, and ineffective, and that its enterprises cannot help but become instruments of elite capture or patronage, were already familiar scripts. Accusations of corruption, and initiating programs to clean house, had become established tactics to further rival interests and ideological agendas, tracing all the way to PNB's initial failure (see Valino 1937; Jenkins 1951; Golay 1960; Milne 1961, 1962; Agabin 1969; Ocampo 1988, 165; Corpuz 1997, 248–50; Abinales and Amoroso 2005, 141–2; Ybiernas 2015, Takagi 2016, 35; Castañeda Anastacio 2016, 196–219). From the report of the Bell trade mission (Bell et al., 1950, 67):

> There are now 24 Government corporations, not including subsidiary enterprises. They have come a long way from their original objective of creating industries to stimulate domestic production for export and for home needs. […] By the most generous evaluation, the larger

> number of Government corporations are inefficient, wastefully operated, and in some instances they have been misused.
>
> Before the Government undertakes the responsibilities of the development program it should clean house in the existing corporations.

Corruption discourse (Bello et al. 2004, 243–324) thus has deeper roots in the country than the neoliberalism of the 1980s, and likely forms a distinct strain of the American colonial encounter and its small state inclinations. Certainly, neoliberalism, and a reaction to the Marcos regime's excesses, were important. Support to government corporations had grown from 7.2% of the national budget in 1975 to 26.2% by 1986 (Godinez 1989, 263). Both state and crony enterprises, rescued by the Marcos regime through buy-outs by PNB and the Development Bank of the Philippines, were doomed by the sudden rise of interest rates in the early 1980s (DBP) (WB 1994, 2:18). The ailing Marcos regime, in turn, turned to the World Bank to finance these rescues, paving the way for structural adjustment in the country. However, the liquidation of the public enterprise and crony asset portfolios did not proceed along purely neoliberal lines. It also reflected both a decades-long suspicion of public enterprise, and a decades-old reliance on the corporate form to define property through fiat. But instead of creating entities that can enter contracts, own land or capital goods, it now created entities that can sell property, and be sold as property.

The Edsa Revolution and De-Marcosification

After Marcos's ouster, government corporate sector reform acquired revolutionary significance. In the lead-up to the 1986 snap elections, among the promises of Aquino's campaign was the dismantling of GOCCs and the sell-off of bailed-out assets (Dohner et al. 1988). Her fifth executive order created a body that would chart the future of GOCCs, the Presidential Commission on Government Reorganization (PCGR) (EO 5, 1986). Along with the Presidential Commission on Good Government (PCGG) and the Presidential Committee on Human Rights, PCGR was one among three Presidential Commissions created in the early revolutionary days of Aquino's government.

The PCGR makes for an interesting contrast against PCGG. PCGG was created with Aquino's first executive order, and tasked with recovering ill-gotten wealth from the Marcoses and their associates, including businesses they sequestered from political rivals (EO 1 1986). It was granted wide-ranging powers of investigation and asset

seizure, but its mixed record over the subsequent three decades courted public controversy. Its inquiry was criminal in nature, and made for captivating, and sometimes sensational, reportage (Cariño 1990, 49–51; Aquino 1999). The work of PCGR, on the other hand, received comparatively scant attention (see Ocampo 1988; Pilar 1988; Mendoza 1993). It wound down after just over a year (EO 165 1987). But it left a deep, wide-ranging mark on the structure of the Philippine state and its economic role.

The task PCGR laid out for itself was heroic. Its internal handbook, *Principles and Policy Proposals*, declared: "We must systematically "de-Marcosify" Philippine society" (PCGR 1986, 3). GOCC reform was one component of an ambitious package, comprising the reorganization of local government, cabinet ministries, economic regulation, frontline government services, and the civil service. In its view, GOCCs were part of a pattern of excessively centralized executive authority and oversized bureaucracies that developed under Marcos. Some GOCCs were created "to gain or preserve political capital" (ibid, 4): plum appointments for the Marcoses' clients. PCGR saw this as consistent with how Marcos wielded authority over sequestered and nationalized companies, the bureaucracy, and local government, and symptomatic of mismanagement and abuse of the state. Thus, public enterprises weren't simply vehicles for a well-meaning, if ultimately ineffective and expensive, modernizing agenda; they were designed and deployed by the Marcos regime and its clients as instruments for plunder. PCGR's ethos was a "total rejection" of the Marcos regime, including economic policy and management practices associated with it.[1] Referring to the EDSA revolution, *Principles* stated (ibid, 6–7):

> The February Revolution compels us to take a more "Revolutionary" approach. The Revolution…signified a total rejection of the Marcos regime, and certainly, his architectural imprint on the bureaucracy was part of this. […] The fervor of the people's revolution must animate the task of re-organization itself.

At the heart of PCGR's task was defining what was, in fact, a "GOCC." The Marcos regime had a habit of forming new bodies included both entities that would, elsewhere, be considered state-owned enterprises—but also bodies with bureaucratic and administrative functions. These entities were not set up as going concerns, or even as enterprises meant to make loss-making but strategic investments. Rather, these "administrations," "authorities," "agencies," and "centers" simply took advantage of the flexibility afforded by the corporate form.[2]

Under definitions set by Marcos before his ouster as part of structural adjustment, both types of bodies were GOCCs (PD 2029 and 2030 1986).

The revolutionary government chose to carry over and work with this definition, opening up vast swathes of the bureaucracy for reorganization. By the World Bank's count, there were 296 GOCCs, with assets of PhP743 billion[3] and about 156,000 people on their payrolls by 1985; another World Bank report from 1993 reported an incredible figure of 700 public enterprises at the onset of reform in 1987 (WB 1988a; 1993b, 128). From 1975 to 1982, investments through the major enterprises accounted for more than half of public investment, and about 5% of gross national product.

Note that de-Marcosification was a vision articulated by Filipinos in the revolutionary government, not by its "development partners." The World Bank did not take the same position on the matter of crony appointments and behest loans. Describing the expansion of public expenditures during the 1970s, the Bank's 1983 report, which recommended a second structural adjustment loan, noted (WB 1983, 2):

> The overall size of the public investment program was appropriate at the end of the decade and its composition, with a few exceptions, broadly consistent with the country's development priorities. In general, public investment projects were well selected and provided much needed basic infrastructure, particularly in transportation, power, and irrigation.

Similarly, a Bank report from 1988 referred to "politically motivated management appointments" not as a fundamental problem unto itself, but as a compounding issue (WB 1988a, pp. 10–11). Another Bank report published in 1993 cast the reckless lending by DBP during the 1970s in rather benign terms, merely noting that a low-interest refinancing window opened by the DBP to aid industries with excess capacity was key to the rapid growth of Philippine manufacturing in the 1970s (WB 1993, 180–181; 273–275).

Perhaps it is not surprising that the Bank is silent on its role in facilitating both the flow of foreign credit to DBP and the Private Development Corporation of the Philippines (PDCP), and in the failed reorientation of the Philippine economy toward export-oriented industrial lines during the 1970s (Bello et al. 1982; Boyce 1986; Broad 1988). But note the contrast between the motivations of IFI proponents of privatization and their domestic

counterparts: what the Philippines' structural adjusters might have seen as finding efficiencies in the GOCC portfolio was, in the eyes of Aquino's revolutionary government, a moral task of purging the state of systematized corruption, and hence with the restoration of democracy.

Concretely, PCGR recognized that as long as it was operating under a loose provisional constitution and reporting directly to Aquino, it was unencumbered by the patronage and horse-trading that defined the Philippines' experience with American-style republican democracy. One staffer described this as working within a "tight deadline" of getting the job done before the adoption of the 1987 Constitution,[4] which indeed restored strong powers to the legislature, and thus to the gentry politicians that had dominated it before 1972. They thus took deliberate advantage of the latitude afforded by the revolutionary period to minimize the "political maneuvering" that had stymied four previous attempts at government reorganization since independence from the United States in 1946 (PCGR 1986, p. 5; cf. Brillantes 1987; Gonzalez and Deapera 1987; Pilar 1988).

Privatization, as embedded in the early Edsa Republic: Protagonists, techniques, aspirations

But as much as GOCC reform was animated by "people power," its protagonists, its techniques, and its aspirations also reflected the unlikely alliances that both led to the Marcoses' downfall, and then prevailed over the subsequent Aquino administration.

Protagonists

The personnel involved in the privatization effort present a convenient cross-section not only of the interests represented in the Aquino administration, but of patterns to Philippine elite democracy. Two of its four commissioners were influential members of the Philippine business community. Its head, Luis R. Villafuerte, was a founding senior vice president with Bancom Development Corporation, the first Philippine investment bank. Teodoro Locsin, Jr. was an executive assistant to the chairman of Ayala Corporation and the Bank of the Philippine Islands from 1982 to 1985, and concurrently held a cabinet-level position as Aquino's special legal counsel. The other two commissioners were involved in the political opposition to Marcos: Jaime Ferrer, an opposition assemblyman before the revolution; and Atty. Joker Arroyo, who rose to prominence pursuing human rights cases

against the Marcos regime, and Aquino's executive secretary. Arroyo went on to sit as the ADB's executive director for the Philippines from 1986 to 1990, and then to chair PNB.

This pattern continued on to two bodies created upon PCGR's recommendation to handle privatization: the Committee on Privatization (CoP), a Cabinet committee with policymaking, monitoring, and final approval powers over privatization, and the Asset Privatization Trust (APT), tasked with undertaking the actual disposition of assets for sale (Proclamation 50, 1986, sections 3 and 9; WB 1993a, 21). Two of the first three committee members of CoP were from the Philippine business community: Sixto K. Roxas, founder of Bancom; and Jaime Ongpin, Aquino's finance secretary, formerly president of mining firm Benguet Corporation, and brother of Roberto, minister of trade and industry under Marcos. Ongpin, on the state's economic role: "I think the government should get out of business completely. Privatize everything" (Putzel 1992, 196). The third member of CoP, Prof. Solita Monsod, sitting in her capacity as the Director-General of NEDA, had been critical of the debt burden that the Marcos regime had accumulated (De Dios et al. 1984). APT was headed by David SyCip, former president of the Rizal Commercial Banking Corporation and brother of Washington SyCip, founder of SyCip Gorres Velayo & Co. (SGV), perhaps the most influential business services firm in the country (Tadem 2013, 77–8; Rafael 2018).

Key members of PCGR's staff were brought aboard via previous connections with Ferrer and Roxas. 74 out of PCGR's 95 staff had private sector backgrounds (Gonzalez and Deapera 1987, 266). Once PCGR was dissolved in 1988, some of them were absorbed by the Economic Development Foundation (EDF), a non-profit consultancy firm founded by Roxas that went on to produce studies commissioned by USAID for deepening the privatization effort.

Executive positions of GOCCs slated for liquidation were dispensed to Aquino's allies from the Philippine business community, while personnel associated with Marcos were removed. Mendoza (1993, 230–1) observes that this reshuffle was "once again […] political patronage"; the new board of the Government Service Insurance System (GSIS), drawn from Manila's business elite and anti-Marcos generals, did not reflect its member base, comprised mainly of public school teachers.

Finally, the privatization effort involved a massive, focused funding effort on the part of the Philippines' development partners. At that time, the Philippines hoped for a "mini-Marshall plan" worth US$10 billion

(Magallona 1989; Rood 1990). Instead, within the first two years of the Aquino government, it received US$3 billion worth of aid and new credit (Dohner and Intal 1989, 565, 584), of which US$1.17 billion were for projects designed to accelerate and deepen the Philippine's privatization program. These loans came from the IMF, the World Bank, Japan's Overseas Economic Cooperation Fund (OECF), and USAID, with some smaller packages signed with the ADB and the United Nations Development Programme (UNDP). Most of these packages were textbook examples of externally-imposed neoliberalism, in that they required a set of market-oriented reforms, including specific targets for the privatization program, as conditions for disbursement.

Techniques

The diverse and sometimes contradictory interests behind de-Marcosification carried over into the design and implementation of privatization. It envisioned a quick and thorough liquidation of the GOCC portfolio. Its organization, and the operationalization of its mandate, reflected a strong influence of the finance and accounting backgrounds of its Makati architects. But it also came to reflect extensive inputs from unexpected quarters, and became enmeshed in visions for the Philippine economy that were far more complex than a neoliberal project.

Of the 296 GOCCs it identified, PCGR recommended the privatization of 132 and abolition of 67, which cumulatively accounted for 34.5% of all GOCC assets and 40.6% of liabilities (PCGR 1987, 30; WB 1988, 18).[5] Retained GOCCs, meanwhile, were to be guided by new corporate and financial plans, with SGV designing those for 11 major GOCCs (WB 1993a, 5). Relinquishing control over all sequestered crony assets, meanwhile, was a foregone conclusion, as the Aquino government had no intention of retaining any of these as GOCCs.

The privatization program was designed to be rapid and efficient. CoP was given broad powers for transferring assets from line ministries and state-owned banks to APT, reorganizing the assets, and determining their sale value. Both were granted immunity from civil and criminal action, and a mandate of five years to complete the privatizations (Proclamation 50, 1986, sections 22, 25, 26, 30, and 31). APT was designed to be a lean, businesslike organization: the World Bank upheld it as a model for how "rapid asset disposition agencies" should be set up (Kikeri and Nellis 1992, 71; WB 1993a, 8).

The principle guiding rapid disposition was: the assets would fare better under private management, and that getting them in private hands was in the public's best interest (PCGR 1986, 17–20). Sales were to be public auctions, on cash upfront terms, in keeping with the transparency that the Aquino government hoped to cultivate. Payment by installment was discouraged, as CoP thought that this "would impose the burden of multi-year account monitoring, lead to the possibility of subsequent foreclosure, or extend beyond the life of the Trust" (CoP 1987).

In practice, both the tempo and the modes of disposition were dictated by other factors, reflecting both practical constraints on a cash-strapped state participating in a narrow market, as well as entrenched interests of domestic big businesses (Haggard 1988, 110; Ocampo 1988, 171–2). More than any other factor, revenue generation and cost-cutting became the foremost considerations for asset disposition, overriding any advantage, real or imagined, derived from private ownership. In the operating guidelines for APT, CoP specified that "as a general rule, [APT] shall give priority to situations that would yield the maximum cash recovery in the shortest possible time" (CoP 1987). This rule was only to be superseded if the cost of maintenance was too high, if the plant and equipment was deteriorating rapidly, if rehabilitation could generate greater bidder interest, or in cases where the asset was the sole employment source in its locale. In practice, this meant that "simpler and more attractive candidates" were selected for the first phase of the program to "[provide] the needed demonstration effects" (WB 1993a, p.8).

CoP also decided that asset rehabilitation should be avoided before sale. This kept with the prevailing wisdom: that the Marcos-era GOCCs were a drain on the state's coffers, that sinking any more money into them would have been politically unpalatable, and that rehabilitation was best left to private investors anyway (WB 1988b, 107). However, by the time that the sales gained steam, some assets had seen almost half a decade of neglect, with no fresh investment, on skeletal operations and maintenance budgets. Some had sat idle since 1983. Additionally, many sequestered crony assets that were turned over to APT were not in a saleable form, but were financial claims on unforeclosed assets (Dohner et al. 1988, (6)4).

These guidelines had the effect of prime assets being sold to the less-than-prime market that prevailed during the first few years of the program, while less attractive assets remained on the books even as market

conditions improved. Additionally, restrictions on foreign ownership came into effect with the adoption of the 1987 Constitution, further narrowing the market.

Aspirations

Yet de-Marcosifying the state came to mean more than the strictly revenues- and savings-oriented thrust of the privatization program, and the design of GOCC reform also reflected hopes for another, more just, economy. Though its broad terms of the program were set by the conditionalities imposed by the Philippines' lenders, the privatization program also attempted to systematically address longstanding structural economic issues.

First, the reform effort explicitly recognized that the state can take a direct role in the economy, and that state-owned enterprises can be the best way to exercise this role. In evaluating whether a GOCC should continue in the hands of the state, PCGR asked whether the goods and services it provided are deemed "vital to society," but where either the private sector is "unwilling or unable" to provide, or intervention in the market will "create a bias in favor of disadvantaged sectors of society." If these criteria were satisfied, GOCC retention was recommended if the following additional criteria were met: if the need for operational flexibility allowed by the corporate form was critical; if the government can limit its liability in the GOCC to the equity invested into it; and if the financial viability of the GOCC's operations were assured (see Figure 1) (PCGR 1987, 5–8). The PCGR also codified these guidelines into a draft Executive Order, signed into law largely intact as Administrative Order 59, and served as the guidelines for a subsequent round of streamlining in 1993.

GOCC | Direct Gov't Intervention Still Required? (Yes / No) | Need for Operational Flexibility Critical? (Yes / No) | Gov't Liability Limited to Equity? (Yes / No) | Financial Viability of Opns. Assured? (Yes / No) | Recommended Disposition Action (Retention / Other)

4.1 Through Departmental Reorganization Executive Orders (5)

1. Cottage Industries Technology Center
2. Local Water Utilities Administration
3. National Tobacco Administration
4. Philippine Convention & Visitors Corporation
5. Philippine Trade Exhibition Center (renamed as CITEM)

4.2 Through Presidential Memoranda (35)

1. Export Processing Zone Authority
2. Fertilizer & Pesticide Authority (treated as regular agency)
3. Home Insurance and Guaranty Corporation
4. Inter-Island Gas Service, Inc.
5. Light Rail Transit Authority
6. Livelihood Corporation
7. Manila Gas Corporation
8. Manila International Airport Authority
9. National Agri-Business Corporation
10. National Food Authority
11. Natural Resources Development Corporation
12. PNOCCM Services, Inc.
13. Pandacan Gas Storage Corporation (n/a until the dispositive action for parent GOCC PNOC is finally decided)
14. Petron Tankers Corporation
15. [illegible]
9. Home Development Mutual Fund
10. LBP Insurance Brokerage, Inc.
11. LBP Leasing Corporation
12. Land Bank of the Philippines
13. Lungsod Bayan Realty Development Corporation
14. Lung Center of the Philippines
15. Masaganang Sakahan, Inc.
16. Metropolitan Waterworks & Sewerage System
17. National Development Company
18. National Electrification Administration
19. National Home Mortgage Finance Corporation
20. National Housing Authority
21. National Irrigation Administration
22. National Kidney Institute
23. National Power Corporation
24. PNOC Exploration Corporation
25. Philippine Children's Medical Center
26. Philippine Crop Insurance Corporation
27. Philippine Deposit Insurance Corporation
28. Philippine Export & Foreign Loan Guarantee Corp.
29. Philippine Heart Center (resolved at higher levels)
30. Philippine International Convention Center, Inc.
31. Philippine International Trading Corporation
32. Philippine National Oil Company
33. Philippine National Red Cross
34. Philippine Ports Authority (classified as a GOCC simply because of the "charter test")
35. Private Debt Restructuring & [illegible]

Figure 1. Evaluation of GOCCs. For each GOCC, the following questions were considered, corresponding to the first through fourth columns: Direct government intervention still required? Need for operational flexibility critical? Government liability limited to equity? Financial viability of operations assured? A 'yes' or 'no' was tabulated for each column, and a "recommended disposition action" was tallied: privatization, abolition, consolidation, or retention. Source: Department of Budget and Management, 1991.

Using these criteria, several policy studies and evaluations by PCGR and DBM dwelt on the question of GOCCs' strategic value. These analyses drew a surprisingly generous notion of what constituted goods and services "vital to society," of what "disadvantaged sectors" were, and how the state's intervention in the market could be of benefit.[6] Based on these criteria, even large, debt-ridden GOCCs were recommended for retention by both the initial 1987 PCGR study, and by a second study conducted by EDF in 1993.[7] While only 34 GOCCs for disposition were to be retained in the original plan, these accounted for 57.2% of the total GOCC assets, and 53.9% of liabilities (WB, 1998a, p. 18). The privatization of profitable GOCCs, particularly subsidiaries of the Philippine National Oil Company (PNOC), was successfully resisted (Ocampo 1988, 172–7; Cariño 1990, 4).

Second, the reform effort took deliberate steps to prevent the sequestered crony assets from ending up in the hands of their former owners. While the APT did not outright prohibit the sale of these assets to previous owners, it put in place measures to prevent this outcome, such as disqualifying them from auctions that have attracted at least three bidders (CoP 1987a; WB 1998b, 160).

Third, the Filipino architects of the privatization program attempted to mitigate the impact on employees of liquidated GOCCs. Despite some aggressive language in Proclamation 50 ("Automatic Termination of Employer-Employee Relations") labor groups and employee associations were able to register their stance early on in the process, and were able to find sympathetic allies within both APT and the Department of Labor and Employment (Briones and Zosa 1990). Indeed, the regularization of employees with their GOCC's parent agency worried the funders of the privatization program. The language in Proclamation 50 was eventually softened by the law enabling APT's operations, which was enacted after Aquino's government began operating under the 1987 Constitution (RA 7181, sec. 2). This outcome owed perhaps partially to the vested opposition to the program voiced by GOCC executives and administrators, which USAID observers saw as the voicing the most obstinate opposition to privatization (Dohner et al. 1988, 6; cf. Ocampo 1988, 172–7). A more optimistic option saw the privatization program as a way to facilitate worker ownership of these enterprises, through employee stock ownership programs (CoP 1987). Subsequent amendments to APT's mandate saw stronger and more specific wording on the

retention of former employees after the sale of an asset, and the preferential sale of its shares to employees (RA 7661, sec. 2; RA 7886, sec. 2).

Fourth, the privatization program gradually addressed concerns over the narrowness of the market, and it was recast as an opportunity to actively widen capital ownership. Doubts over the wisdom of selling off sequestered assets as quickly as possible, for cash, to a narrow domestic market were constantly raised in the first few years of the program, from surprisingly diverse quarters. For instance, some of this skepticism was being voiced at the highest level of decision-making by Joker Arroyo (Dohner et al. 1988, 5–6). Yet the same USAID report lamented that "using privatization as a way of developing the domestic stock market and disbursing ownership has not been pushed strongly and convincingly enough." Reports commissioned by the General Agreements on Tariffs and Trade (GATT) in 1993, and by the World Bank in 1994, raised similar concerns about the consequences of the privatization program proceeding "without any change in the market structure" (GATT, 1993, 126; WB, 1994, 107). The issue of a narrow domestic market, and the worry that the privatization of GOCCs would lead to the formation of monopolies, was therefore recognized across ideological divides, and shared by both APT and by its foreign and multilateral partners (WB 1988b, 143–148).

Nonetheless, concerns over the narrowness of the market persisted. Each renewal of APT's mandate saw gradual efforts to prise a wider market through privatization. The first extension in 1992 saw a provision that mandated that a minimum of 10% of asset sales should be first offered to "small local investors, including Filipino Overseas Workers" (RA 7181, sec. 2). A second extension in 1995 contained some valiant but perhaps vague language on preventing the formation of monopolies: that asset disposition should "be governed by an abiding concern to expand the ownership base of property," and that "due regard for improving competition…and preventing the creation or perpetuation of monopolies and cartels shall be made" (RA 7661, sec. 2). The provision on shares reserved for small investors was subsequently modified to make a 10% public offering mandatory, and to require the state-owned social insurance company to offer loans to employees who wished to buy into their newly-privatized employers (RA 7886, sec. 2).

Finally, Aquino decreed that proceeds from the sale of crony and sequestered assets were to be channeled directly into a special fund for the Comprehensive Agrarian Reform Program (CARP) (Proclamation 82,

1987). There was some poetic justice to this decree: it recognized that previous attempts at land reform failed because they were poorly-funded, and that this "long-overdue measure of social justice…would provide the opportunity to put this bad money coming from the "behest loans" to good use" (ibid.). Concretely, 60% of receipts from asset sales overseen by APT, plus all receipts from the sale of ill-gotten wealth by PCGG, were to be remitted to a 'special account' called the Agrarian Reform Fund (RA 7661, sec. 1; RA 6657, sec. 63).

Beyond realizing the immediate goal of relieving the state of an immense fiscal burden, the privatization of GOCCs and the sale of sequestered assets thus became an occasion to contemplate what the future Philippine economy ought to look like. It would be de-Marcosified, with his cronies denied of any lasting influence over the economy. The assets purchased with his behest loans were to be liquidated, and the proceeds used to address the inherited injustices of rural landlessness. It would also be democratic and "people-powered" (NEDA, 1986), with the state using privatization to widen the benefits of capital ownership, and wielding its responsibly-streamlined portfolio of GOCCs to address development objectives. Among these objectives, only the broadening of capital ownership reflects the influence of the multilateral lenders. Privatization manuals from IFIs and management consultancies from this period do not reflect any of these aspirations.[8] They instead reflected the influence of progressive voices within the Aquino cabinet, and more broadly to the democratic expectations of people power.

Consider the Aquino cabinet's adoption of a "model debtor" position to the debts incurred by the Marcos regime (Alburo et al. 1985; Bello et al. 2004, 13–15), which in retrospect presents a Philippine syncretization of Catholic economic theology with eighties neoliberalism. Privatization may be a different expression of the same impulse: of the Edsa Republic as a moral liquidator. Even as it automatically appropriated tribute for a distant moral authority, it sought to sanctify dirty money, punish the corrupt, and protect, even strengthen, the disadvantaged.

Moral liquidation: partial successes…

Yet the Edsa Republic's record in enacting economic justice is evidently poor. What roles did privatization play in this outcome? What came of its revolutionary goals?

De-Marcosification

The privatization program was successful in preventing assets that were sequestered by the DBP and PNB from returning to their former owners. It was less successful in achieving the wider objective of denying Marcos cronies a place in the economy. Some sequestered assets and privatized GOCCs ended up sold to businessmen with close ties to the Bagong Lipunan. Philippine Airlines, which belonged to the Toda family before being nationalized in 1972, was bought in 1992 by a group led by Lucio Tan, whose wealth was built on the tobacco and liquor industries under Marcos. PNB itself was also acquired by Tan in 1999, ten years after 30% of its stock was listed on the Philippine Stock Exchange. Asian Industries, the Philippine agent for Westinghouse, and Semirara Coal, which operates the largest coal mine in the country, were sold to David Consunji, who was Marcos' secretary for public works from 1970 to 1975, and owns a construction company that built some of the signature buildings of the Marcoses' reclamation complex (Dumaine 1986; Nozawa 1991, 42). Both men still number among the Philippines' richest, and their respective holding companies were its 3rd and 9th largest by assets in 2022.

Meanwhile, some assets that had been sequestered by the Marcos regime from families close to Aquino were not subjected to the same auction process, but instead returned directly to their former owners—a point observed even by former PCGR staffers.[9] The return of ABS-CBN and Meralco to the Lopez family is perhaps the most closely-studied example of how the Aquino government, through selective action and inaction with respect to 'rightful owners', facilitated the restoration of pre-Marcos gentry capitalists (Galang 1988; cf. Dohner et al. 1988, 5–6). These assets were returned directly to the Lopezes; neither were put up for auction, nor were the Lopezes made to pay for capital improvements made under public ownership.

Strategically-retained GOCCs

Large GOCCs retained for their strategic value were subsequently targeted in a second wave of privatizations in the 1990s. These rounds involved similar backdrops and protagonists: The IMF pushed for the privatization of Metropolitan Waterworks and Sewerage Service (MWSS) in 1997; the WB and the ADB, for National Power Corporation (Napocor) in 2001. Presidential intercession from Fidel V. Ramos and Gloria Macapagal-Arroyo, respectively, were again crucial. The language of crisis (National Water Crisis Act) and reform (Electric Power Industry Reform Act) again animated the official discourse. These privatizations saw a transfer of assets to the largest Philippine-nationality conglomerates (Bello et al 2014; Cardenas 2020). MWSS's successor

companies are now subsidiaries of large Philippine-nationality conglomerates Manila Water (Ayala Corporation) and Maynilad (DMCI Holdings and Metro Pacific). By 2015, 20% of electric generation capacity was owned by San Miguel Corp., 17% by Lopez Holdings, and 14% by Aboitiz Equity Ventures. Profitable, strategic PNOC subsidiaries presently operate as profitable subsidiaries of large Philippine conglomerates: Petron (San Miguel) and Energy Development Corporation (First Philippine Holdings; Lopez Group).

Democratizing capital ownership

A tally of successful privatizations at the end of 1990 counted only the National Stevedoring and Lighterage Company as being sold to its employees (Nozawa 1991, 42). The cash-upfront auctions effectively disqualified "even the wealthiest of the labor unions; indeed, all but the wealthiest of Filipinos" (Cariño 1990, 4). Briones (1995, 88) notes that, across the examples of the National Sugar Refineries Corporation, the Pangasinan Transport Company, and Philippine Airlines, attempts by employees' associations to buy into their newly-privatized employers were thwarted by deposit requirements, rules regarding asset sales, and outright competition from big businesses. This was partly out of failure of design: employee ownership was operationalized as shares reserved for employee purchase, not automatic equity (Mendoza 1993, 284; 321). In contrast, the World Bank, through Jaime Ongpin, successfully pushed for a debt-to-equity conversion scheme for GOCCs with foreign debt (Ongpin 1987).

The gradual abandonment of these aims tracks the wider arc of the Edsa Republic. It misdiagnosed intra-elite competition for the state's ability to create and apportion surpluses, a pattern that predated Marcos, as crony capitalism, a phenomenon unique to the dictatorship. On either side of the Edsa Revolution, the relationship between the richest Filipinos and the Philippine state remained fundamentally the same: the former remained dependent on rentier opportunities created by the latter, derived through fiat (restrictions on foreign ownership, lopsided contract terms) monopoly rights (congressional franchises, oligopsonistic privatizations), and organizational configurations (vertically-integrated oligopolies) (see Birch 2017, 129–55). This relationship remained constant before, during, and after the Marcos regime, though the assets, and how they were distributed and captured, changed. In pre-Marcos rounds of accumulation, it was access to friar lands auctioned off by the American colonial government, systematic plunder of the central bank, or access to forex licenses (Anderson 1988;

Hutchcroft 1998). Under Marcos, it was deploying the state as an instrument of plunder: easy credit, the management of state monopolies, state-backed hostile takeovers of lucrative businesses. De-Marcosification may have begun as a repudiation of these abuses: sell off the assets to pay for the past regime's mistakes, and then deny the state the power to commit abuses in the first place. But in dismantling one form of rentierism—"crony capitalism"—it unwittingly enabled another, based on the oligopolistic capture of privatized state assets.

Under these conditions, privatizations were not pure neoliberal exercises, but a new mechanic in a long-established game. Try as they might, IFIs and idealogues could not create a perfect market, with completely free movement of capital, and citizens transformed into stockholders. Instead, assets were bid out, and then captured, by an oligopsony of the biggest Philippine businesses, who then turned these into oligopolies. Meanwhile, by the time of the second Edsa revolt in 2001, most visions for a "people powered economy" had already been forgotten.

…and unintended consequences

Privatization also had spillovers beyond its stated aims. Its moral dimension led to practices that had unintended, yet far-reaching, consequences for the roles played by the state, and by Philippine-nationality businesses, in the economy: the emphasis on financial metrics in evaluating the performance of retained GOCCs; the treatment of the GOCC portfolio as revenue generators for the Philippine state; and the proliferation of 'special accounts' across the Philippine bureaucracy.

Financialization of performance evaluation

In reaction to the excessive formation and loose regulation of GOCCs under Marcos, very stringent criteria for creating new GOCCs were adopted, and strict performance targets drawn up for retained GOCCs. These reflected the backgrounds of the personnel tasked with the privatization effort. These also reflected the influence of structural adjustment, with the World Bank playing a key role in introducing technologies for financial discipline, particularly the Performance Evaluation Systems (PES), which it first required in 1988 (WB 1988a, 25–30, 69–75; 1993a, 6, 25–26). But the financialization of performance evaluation has neither been rapid, total, nor effective. A standardized PES methodology was only implemented in 2013, by an agency created in 2011 called the

Governance Commission for GOCCs (GCG). A perception of underperformance and corruption still affects the state corporate sector (GCG 2016, 5).

The GCG's 2015 scorecards for two GOCCs, the Bases Conversion and Development Authority (BCDA) and the Power Sector Assets and Liabilities Management Corporation (PSALM) illustrate how finance has become the overriding logic for how GOCC performance is measured (see Tables 1 and 2). The scorecards are weighted in favor of financial criteria, comprising 35% and 50% of their scores, respectively. Financial criteria remain better-operationalized than those for social impact or operational development: they tend to be finer-grained, in that the financial scores are broken down into more detailed sub-criteria. The fact that financial metrics also lend themselves well to quantification also meant more precise scoring; in contrast, some qualitative measures are tallied as all-or-nothing marks. Financial targets remain consistent on a year-to-year basis, while developmental outcomes tend to change more frequently. Meanwhile, other criteria that are not categorized as financial also reveal a financialized, revenue-oriented logic: BCDA's "social impact" score, worth 25%, is determined by "actual investment in BCDA economic zones" (10%); "total remittance to the national government (10%); and "adherence to the asset disposition schedule" (5%).

Table 1. 2014 Performance Scorecard for Power Sector Assets and Liabilities Management Corporation (PSALM).

Objective	Performance indicator	Formula	Weight
Financial management			
To reduce financial obligations	Reduction of financial obligations	Year-end financial obligations (debts and independent power producer obligations)	20%
To minimize forex risk exposure	Percentage of Philippine peso component in financial obligations portfolio	PhP denominated financial obligations, divided by total financial obligations less independent power producer lease obligations in USD with counterpart independent power purchaser agreement payments in USD	7.5%
To minimize liquidity risk by maintaining a high collection efficiency for power sales to TSC customers	Collection efficiency for current power sales	Collections from power sales in current year, divided by power sales in current year	4.5%
	Collection efficiency for non-current power sales	Collections from non-current power sales, divided by receivables from non-current power sales	3%
To clean accounts retained at National Power Corporation's book of accounts	Percentage of the amount cleared	Amount cleaned, divided by total amount for cleaning	10%
To incur overhead expenses at a reasonable level	Percentage share of overhead expenses on total income	Power sales, plus maintenance, operating, and overhead expenses, less bad debts; divided by total income	5%
Subtotal: finanancial management			**50%**
Asset management			
To reduce operating losses/enhance profitability of remaining assets	Operating income (loss) margin of remaining power assets	Net operating income (loss), divided by net utility revenue (revenue from sale of electricity net of prompt payment of discounts and mandatory rate reduction)	7.5%
To provide reliable contracted power supply to all consumers	Percentage of energy supplied	Volume of energy supplied to customers, divided by volume of contracted energy	15%
To bid out/dispose of assets	Successfully bid out, negotiated, disposed of capacity (in megawatts) with notice of awards	Sum of all capacity of power plants and independent power producer contracts successfully bid out	15%
To optimize sale/disposal of assets	Gain (loss) on sale from privatization of owned plants and appointment of IPP administrators	Sum of sale price, divided by sum of book value and IPP costs minus 1, expressed as a percentage	10%
	Area of real estate assets disposed	Sum of land area disposed	2.5%
Subtotal: asset management			**50%**
General administrative services	Percentage disbursement of statutory obligations under EPIRA, in accordance with guidelines	Sum of actual disbursements divided by total amount to be disbursed	n.a.
	Number of business process enhancement programs and projects implemented	Sum of actual number of business process implemented	n.a.
	Percentage of employees provided with at least two training programs per annum	Total number of employees provided with two training programs divided by total number of employees	n.a.

Table 2. 2015 Performance Scorecard for Bases Conversion and Development Authority (BCDA).

Objective	Performance indicator	Formula	Weight
Social impact/stakeholders			
Develop baselands into world-class economic centers	BCDA economic zones area disposed according to board-approved master plan	Area in hectares	10%
	Actual investment in BCDA economic zones	Total amount in million pesos	10%
Optimize the benefits of the country from the conversion and development of the baselands	Total remittance to the national government	Total amount in billion pesos	10%
	Average stakeholder satisfaction survey score		10%
Subtotal: social impact/stakeholders			**40%**
Financial			
Achieve best value from the disposition of lands	EBITDA margin	Earnings less interest expense, taxes, depreciation and amortization	10%
	Cash proceeds from business contracts in BCDA economic zones	Total amount in billion pesos	10%
	Cash proceeds from regular accounts	Total amount in billion pesos	5%
	Cash proceeds from special projects	Total amount in billion pesos	10%
Subtotal: asset management			**35%**
Internal business process			
Strengthen and streamline project management processes	Adherence to the asset disposition schedule per Board approved timeline	Calendar days	5%
Efficient coordination with subsidiaries	Average response time to issues raised by subsidiaries	Working days	5%
Subtotal: internal business process			**10%**
Learning and growth			
Develop a quality management system (ISO 9001-2008) for all processes	ISO certification for all processes	Based on third party audit	3%
Optimize the use of information technology	Implementation of the ICT plan	Number of processes implemented	3%
	Establishment of the EZ Biz	Based on agreed milestone	3%
Establish a competency-based framework for BCDA personnel	Establishment of a competency-based framework model	Based on agreed milestone	3%
	Development of integrity management plan and BCDA code of conduct	Based on agreed milestone	3%
Subtotal: learning and growth			**15%**

Financial self-sufficiency

In another reaction to GOCC mismanagement under Marcos, it was made an explicit goal that GOCCs can no longer be a fiscal drain on the national government. They at least had to be revenue-neutral, operating independent of subsidies; ideally, they should also serve as revenue sources. At the outset, this manifested in the mandate of a rapid, cash-based sell-off, with no new spending on asset rehabilitation. The dire fiscal situation faced by the state meant that generating cash and savings was the immediate consideration, and overrode both the possibility of taking a longer-term financial view (e.g., waiting for better market conditions) or of meeting these GOCCs' social and developmental mandates. This meant that the actions of disposition entities, and of retained GOCCs themselves, were skewed toward generating short-term, immediately reportable revenues.

Meanwhile, retained GOCCs not only must sustain themselves through internally-generated revenue, but had an additional task of earning dividends for the state. A law enacted in 1993 required GOCCs to remit 50% of their net earnings to the national government as dividends (Republic Act 7656). Due to improvements in GOCC performance, the Department of Finance in 2016 revised this to "more than 50%" of annual net earnings "in cases of excess cash or windfall of revenues" (Magtulis 2016). Finally, the public sector reform program established guidelines that made the creation of new GOCCs contingent on their ability to operate without government subsidies.

As with the financialization of performance evaluation, the GOCCs' record of attaining fiscal independence has been mixed, and the issue of subsidies from the national government periodically appears on the agenda. New GOCCs (particularly BCDA and PSALM) are set up in a way that their ability to generate revenue is guaranteed, whether market conditions are ideal or not. This was done through setting disposal targets, strict limits imposed on government corporate activity, and using financial objectives as the main basis for evaluating GOCC performance.

Consequently, new GOCCs were locked into relatively unsophisticated asset disposition forms, with a constant stream of saleable assets going up for auction. They were designed to generate revenue despite a narrow buyers' market. Specifically, they were set up as liquidation and revenue-generation vehicles around prime assets.

BCDA, set up in 1993 to convert military bases, initially had an endowment of 912 hectares of prime land in Metro Manila (Republic Act 7227, secs. 7 and 8). Its strategy was to sell off these prime assets to finance the redevelopment of its bigger land banks in the former US military bases, including Clark and Subic.[10] From 1993 to 2010, 68% of BCDA's revenues were derived from sales. PSALM assumed responsibility for PhP831 billion pesos' worth of Napocor's book-value assets in 2008, along with PhP904.8 billion worth of liabilities (PSALM, n.d.). As its mandate was to generate cashflows to service Napocor's debt, it disposed of its prime assets first, such as newly-built, high-efficiency hydroelectric projects. Meanwhile, revenue generation from liquidated assets also became part of the mandate of retained GOCCs. NDC, for instance, was redesigned as a disposition entity by the PCGR, tasked with selling off 28 large subsidiaries such as National Steel and Philippine Associated Smelting and Refining.

Special accounts

BCDA and PSALM also exemplify another practice that became entrenched during this period: the use of *special accounts.* These involve locking cashflows generated by specific laws to fund corresponding programs. These include fees, penalties, and other non-tax revenues generated in the course of the government's operations, royalties from the exploitation of natural resources, and shares of specific taxes pre-allocated to specific programs.

Under the Edsa Republic, special accounts became the default modality for treating revenues generated by privatization programs. The immediate precedent of this practice appears to be the design and set-up of Marcos-era GOCCs, when the cash-crop export monopolies, the Philippine Coconut Authority and the Philippine Sugar Commission, were funded by special levies on producers and exporters.[11] The practice was carried over into the Edsa Republic through Proclamations 50 and 82, specifying that proceeds from the disposition of sequestered crony assets were to fund a new agrarian reform program.

Special accounts have since proliferated across the Philippine government. A 2014 tally identified 61 special accounts maintained by 31 government agencies (CoA, DBM, and DoF 2014). Special accounts are at the heart of the privatization of land and energy assets: BCDA was designed to generate revenues for military modernization, while PSALM was set up to service debts incurred by Napocor by selling off its best assets. By 2015

these two GOCCs have generated 17.083 and 504.8 billion pesos toward these ends, respectively (BCDA 2015; Gonzales 2015).

One consequence of special accounts is to hold policy outcomes hostage to the ability of GOCCs to generate revenue, which in most instances translates into the speed and constancy at which they can liquidate assets: hence the design of BCDA and PSALM as asset liquidators. Crucially, it also meant a transformation of GOCCs from instruments of direct, strategic intervention in the economy for achieving developmental ends, to instruments of generating revenue, quickly and regularly, for a chronically cash-strapped state.

In practice, this meant designing sales as winner-take-all, highest-bidder auctions for the best assets. As conjectural alternatives, these privatizations could have been carried out as sales of smaller lots, or as initial public offerings. They could also have been carried out as auctions for prime assets bundled with less attractive assets—an approach contemplated, but not pursued, for PSALM. There is, however, the possibility of this approach maturing to an ability to strategize, if not directly intervene: the shift of BCDA to joint ventures, and to masterplanning Clark Green City, is allowing it some scope in influencing privatized urban development (Cruz 2016; Mouton and Shatkin 2020).

The cashflow imperative had two additional effects: it restricted participation in these markets to entities that could front the sums for these auctions. It also meant the prioritization of real estate assets. Often, land was the only asset that was both ready for sale and attractive to potential investors, as many GOCCs' capital assets had deteriorated from neglect. But as the ownership of land, utilities and infrastructure is restricted to juridical Philippine nationals, this meant that the market of privatized assets was restricted to Philippine nationals with the ability to amass the capital to participate in these auctions. As with another episode of limited liberalization in 1962 (Abinales and Amoroso 2005, 185), this constraint led to the largest Philippine conglomerates dominating the markets for these assets. Much of Manila's new skyline in Fort Bonifacio, North Triangle, and Manila Bay is being built on privatized GOCC land, by Philippine-nationality real estate firms, which in turn capture billions of dollars of remittances and foreign investment (Cardenas 2014; 2020).

Conclusions

Framing the Edsa Republic as 'neoliberal' had lent a welcome perceptiveness to continuities between the Washington Consensus and local economics departments, the consistently thorny issue of servicing odious Marcos-era debts, and the unraveling of domestic industries. Yet this view may have also dulled our sensitivity to how ideology becomes common administrative sense, how domestic class power had reasserted itself, and how land had once again become the basis for class power.

Filling these silences may be a matter of emphasis on continuities, rather than ruptures, across long time scales. Situated in historical context, crony capitalism was just a culmination of a decades-long pattern (Anderson 1988); de-Marcosification may thus have been a misdiagnosis of embedded rentierism that existed before, during, and after Marcos. Similarly, defining the Edsa Republic as 'neoliberal', whose woes are tied directly to IFI coercion and hegemony, may also be an incomplete diagnosis. The Philippine state has facilitated the upwards transfer of wealth, which is then used toward unproductive, dispossessive, and highly unequal ends, across several cycles of ideological fashion. Rentierism has proven durable *despite* neoliberalism, and might outlast its obsolescence.

If coercive, hegemonic external forces cannot explain class power, then the rentier relationship between the Philippine state and accumulation might be better understood at smaller spatial and institutional scales. Given the central role of rentierism in successive rounds of accumulation, class interests might instead be better located, and contested, in how the state creates properties that can be bought and sold, and enforces oligopsonies around their exchange: the "detailed engineering" of privatizations, as some consultants put it, or the "implementing rules and regulations," in the gloss of Philippine statecraft. The turn of Philippine oligarchs to urban latifundism is likely not premeditated by neoliberal ideologists, and even draws from completely non-neoliberal ideologies. The unintended consequences of special accounts provide one illustration, though the same could be said about other key features of the Edsa Republic's political economy, such as the 1987 Constitution's national patrimony provisions, that sustain their modus operandi.

I argue for attention to long temporal scales, and small spatial and institutional scales, in the spirit of a constant reminder from area studies: that economic life is embedded, place-specific, and historically-contingent. The lure of theorizing in a global, singular, and totalizing mode can be strong, especially with the multiscalar, translocal character of structural adjustment and neoliberal hegemony. The Philippines is likely not the only place

where the state had remained an instrument of class power, and where domestic rentiers have turned to real estate and infrastructure. Learning with and across places like ours, emphasizing their histories and institutions instead of general theories of neoliberalism, might give us better words for the problems of Philippine maldevelopment, and a better sense of what to break for our next revolution.

Notes

1 Interview with PCGR staffer W., 19 January 2016.

2 A full tally of the 296 GOCCs, and their recommended disposition as of 1991, will be made available as a data annex on the author's website. [Url to be inserted here upon acceptance for publication].

3 Approximately PhP6.4 trillion in 2020 pesos.

4 Interview with PCGR staffer D., 19 October 2014.

5 This excluded three financial GOCCs: the Central Bank of the Philippines, DBP, and the Social Security System.

6 See evaluations of state casino monopoly, water utilities, and Napocor (DBM 1991) and of NDC and Napocor (EDF 1993).

7 This second study was ordered by the Government Corporate Monitoring and Coordinating Committee (GCMCC) pursuant to Executive Order No. 37 and was contracted out to EDF (EDF, 1993).

8 E.g., Ernst & Young, 1994; WB, 1992.

9 Interviews with PCGR staffers D., 19 October 2014 and W., 19 January 2016.

10 Interview with Former BCDA director Asteya Santiago, 31 July 2015. Under Republic Act 7227, BCDA also assumed ownership of 3,592 hectares of former recreational and facilities transmitters and communication stations, mainly in northern Luzon.

11 The origins of special accounts likely extend even further back into the operations of casinos and lotteries, historically the second-largest source of state revenue after taxation.

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